



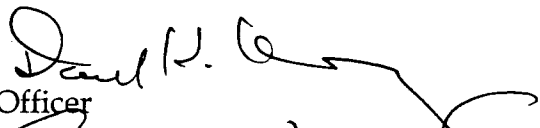
**U.S. Department of
Transportation**

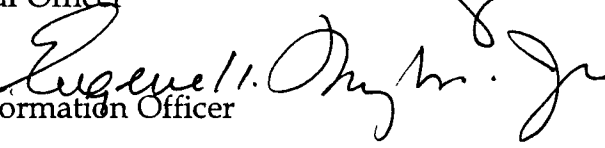
Office of the Secretary
of Transportation

400 Seventh St., S.W.
Washington, D.C. 20590

MAY 22 1998

MEMORANDUM TO: Deputy Administrators
Chief Information Officer
Chief Financial Officers

FROM: David K. Kleinberg 
Deputy Chief Financial Officer

Eugene K. Taylor, Jr. 
Office of the Chief Information Officer

SUBJECT: Departmental Policy on Financial and Mixed Financial
Systems

Recent legislation and Executive guidance on improving the management of information technology (IT) investments and financial management embrace Department of Transportation (DOT) financial and mixed financial systems (e.g., IT systems involving accounting, personnel, property, procurement, budget, payroll, grants, and travel). To promote conformity with the Federal guidance, we are setting out Departmental policy for both new and existing financial and mixed financial systems:

Prior to creation of a new financial or mixed financial system, sponsors shall make written determination whether the function needs to be performed within the Department or whether another private sector firm or Federal agency could perform this function more efficiently and effectively.

If the sponsor of a new financial or mixed financial system determines that it appropriate to develop and operate the system in-house, reengineering of the work processes ought to be undertaken to reduce costs and improve effectiveness prior to automating the function.

For ongoing systems and services operated undertaken by DOT, sponsors of existing financial or mixed financial systems shall reassess the function annually (prior to submission of any budget request) and make a similar determination in whether in-house performance of the function is appropriate.

In cases where services can not be acquired consistent with Executive guidance, DOT has a clear preference for Commercial-Off-The-Shelf (COTS) software rather than system development.

Approval for new or upgraded financial or mixed financial systems is to be sought from the Office of the Assistant Secretary for Budget and Programs who will coordinate approval with the Office of the Chief Information Officer. Approval of proposed systems and ongoing development efforts will precede funding being proposed in your FY 2000 DOT Budget submission. For FY99, a moderated and abbreviated approval process will precede obligations in FY99.

Sponsors are to include in their FY 2000 Budget submission to OST, the information contained in the FY 2000 budget instructions for either major or non-major IT expenditures (as applicable) and the specific information required for major and non-major financial/mixed financial systems, such as the ability of the systems to meet financial request standards. Without the required information Departmental action on your request will be deferred. Particular attention should focus on the business case for the proposed investment, including the analysis and determinants that the project return on investment is clearly better than the alternative uses of the resources and a discussion of planned completed work process reengineering.

If you have questions regarding these policies, direct them to the Deputy Chief Financial Officer.

Attachment